

PFIZER INC. AND SUBSIDIARY COMPANIES
RECONCILIATION OF GAAP REPORTED TO NON-GAAP ADJUSTED INFORMATION
CERTAIN LINE ITEMS
(UNAUDITED)

(millions of dollars, except per common share data)

Historically Reported						
Three Months Ended April 1, 2018						
	GAAP Reported	Purchase Accounting Adjustments	Acquisition- Related Costs	Discontinued Operations	Certain Significant Items	Non-GAAP Adjusted
Revenues	\$ 12,906	\$ -	\$ -	\$ -	\$ -	\$ 12,906
Cost of sales	2,563	(1)	(3)	-	(23)	2,536
Selling, informational and administrative expenses	3,412	0	-	-	(126)	3,286
Research and development expenses	1,743	1	-	-	(6)	1,739
Amortization of intangible assets	1,196	(1,126)	-	-	-	71
Restructuring charges and certain acquisition-related costs	43	-	(45)	-	2	0
Other (income)/deductions—net	(178)	(96)	(0)	-	(47)	(322)
Income from continuing operations before provision for taxes on income	4,127	1,221	48	-	201	5,597
Provision for taxes on income	556	239	8	-	117	920
Income from continuing operations	3,571	982	40	-	84	4,677
Discontinued operations—net of tax	(1)	-	-	1	-	-
Net income attributable to noncontrolling interests	9	-	-	-	-	9
Net income attributable to Pfizer Inc.	3,561	982	40	1	84	4,668
Earnings per common share attributable to Pfizer Inc.—diluted	0.59	0.16	0.01	0.00	0.01	0.77

Adjustments^(a)						
Three Months Ended April 1, 2018						
	GAAP	Purchase Accounting Adjustments	Acquisition- Related Costs	Discontinued Operations	Certain Significant Items	Non-GAAP Adjusted
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cost of sales	-	-	-	-	-	-
Selling, informational and administrative expenses	-	-	-	-	-	-
Research and development expenses	-	-	-	-	-	-
Amortization of intangible assets	-	-	-	-	-	-
Restructuring charges and certain acquisition-related costs	-	-	-	-	-	-
Other (income)/deductions—net	-	-	-	-	118	118
Income from continuing operations before provision for taxes on income	-	-	-	-	(118)	(118)
Provision for taxes on income	-	-	-	-	(4)	(4)
Income from continuing operations	-	-	-	-	(113)	(113)
Discontinued operations—net of tax	-	-	-	-	-	-
Net income attributable to noncontrolling interests	-	-	-	-	-	-
Net income attributable to Pfizer Inc.	-	-	-	-	(113)	(113)
Earnings per common share attributable to Pfizer Inc.—diluted	-	-	-	-	(0.02)	(0.02)

Recasted						
Three Months Ended April 1, 2018						
	GAAP Recasted	Purchase Accounting Adjustments	Acquisition- Related Costs	Discontinued Operations	Certain Significant Items	Non-GAAP Adjusted
Revenues	\$ 12,906	\$ -	\$ -	\$ -	\$ -	\$ 12,906
Cost of sales	2,563	(1)	(3)	-	(23)	2,536
Selling, informational and administrative expenses	3,412	0	-	-	(126)	3,286
Research and development expenses	1,743	1	-	-	(6)	1,739
Amortization of intangible assets	1,196	(1,126)	-	-	-	71
Restructuring charges and certain acquisition-related costs	43	-	(45)	-	2	0
Other (income)/deductions—net	(178)	(96)	(0)	-	70	(204)
Income from continuing operations before provision for taxes on income	4,127	1,221	48	-	83	5,479
Provision for taxes on income	556	239	8	-	112	915
Income from continuing operations	3,571	982	40	-	(29)	4,564
Discontinued operations—net of tax	(1)	-	-	1	-	-
Net income attributable to noncontrolling interests	9	-	-	-	-	9
Net income attributable to Pfizer Inc.	3,561	982	40	1	(29)	4,555
Earnings per common share attributable to Pfizer Inc.—diluted	0.59	0.16	0.01	0.00	(0.00)	0.75

(a) Represents net gains recognized during the period on investments in equity securities. Through December 31, 2018, Pfizer's Adjusted Non-GAAP results included net gains and losses on investments in equity securities. Effective January 1, 2018, Pfizer adopted Accounting Standards Update (ASU) 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities, which required equity investments to be measured at fair value with changes in fair value recognized in net income. Prior to the adoption of ASU 2016-01, Pfizer recorded changes in fair value of virtually all of its equity investments in Other comprehensive income/(loss). Beginning in 2019, Pfizer will exclude realized and unrealized gains and losses from investments in equity securities from Adjusted Non-GAAP results because of their inherent volatility, which is outside of Pfizer management's control and cannot be predicted with any level of certainty. Additionally, Pfizer management does not believe that including these gains and losses assists investors in understanding Pfizer's business or is reflective of its core operations.

For footnotes and explanations associated with the reconciliation of GAAP Reported to Non-GAAP Adjusted financial results, please refer to pages 18 to 21 of Pfizer's First Quarter 2018 Earnings Press Release together with, in the case of the Recasted Non-GAAP Adjusted financial results, the Adjustments table shown above:
[First-Quarter 2018 Earnings Press Release](#)

Non-GAAP Adjusted income and its components and Non-GAAP Adjusted diluted EPS are not, and should not be viewed as, substitutes for U.S. GAAP net income and its components and diluted EPS. Despite the importance of these measures to management in goal setting and performance measurement (as described in the "Financial Review—Non-GAAP Financial Measure (Adjusted Income)" section of Pfizer's 2018 Financial Report, which was filed as Exhibit 13 to Pfizer's Annual Report on Form 10-K for the fiscal year ended December 31, 2018), Non-GAAP Adjusted income and its components and Non-GAAP Adjusted diluted EPS are Non-GAAP financial measures that have no standardized meaning prescribed by U.S. GAAP and, therefore, have limits in their usefulness to investors. Because of their non-standardized definitions, Non-GAAP Adjusted income and its components and Non-GAAP Adjusted diluted EPS (unlike U.S. GAAP net income and its components and diluted EPS) may not be comparable to the calculation of similar measures of other companies. Non-GAAP Adjusted income and its components and Non-GAAP Adjusted diluted EPS are presented solely to permit investors to more fully understand how management assesses performance.

PFIZER INC. AND SUBSIDIARY COMPANIES
RECONCILIATION OF GAAP REPORTED TO NON-GAAP ADJUSTED INFORMATION
CERTAIN LINE ITEMS
(UNAUDITED)

(millions of dollars, except per common share data)

	Historically Reported					
	Three Months Ended July 1, 2018					
	GAAP Reported	Purchase Accounting Adjustments	Acquisition- Related Costs	Discontinued Operations	Certain Significant Items	Non-GAAP Adjusted
Revenues	\$ 13,466	\$ -	\$ -	\$ -	\$ -	\$ 13,466
Cost of sales	2,916	(2)	(3)	-	(35)	2,876
Selling, informational and administrative expenses	3,542	0	-	-	(35)	3,507
Research and development expenses	1,797	1	(0)	-	(9)	1,789
Amortization of intangible assets	1,191	(1,121)	-	-	-	70
Restructuring charges and certain acquisition-related costs	44	-	(57)	-	13	-
Other (income)/deductions—net	(551)	(12)	(2)	-	46	(519)
Income from continuing operations before provision for taxes on income	4,527	1,134	62	-	20	5,742
Provision for taxes on income	648	233	11	-	16	908
Income from continuing operations	3,879	901	51	-	4	4,834
Discontinued operations—net of tax	-	-	-	-	-	-
Net income attributable to noncontrolling interests	7	-	-	-	-	7
Net income attributable to Pfizer Inc.	3,872	901	51	-	4	4,827
Earnings per common share attributable to Pfizer Inc.—diluted	0.65	0.15	0.01	-	0.00	0.81

	Adjustments ^(a)					
	Three Months Ended July 1, 2018					
	GAAP	Purchase Accounting Adjustments	Acquisition- Related Costs	Discontinued Operations	Certain Significant Items	Non-GAAP Adjusted
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cost of sales	-	-	-	-	-	-
Selling, informational and administrative expenses	-	-	-	-	-	-
Research and development expenses	-	-	-	-	-	-
Amortization of intangible assets	-	-	-	-	-	-
Restructuring charges and certain acquisition-related costs	-	-	-	-	-	-
Other (income)/deductions—net	-	-	-	-	257	257
Income from continuing operations before provision for taxes on income	-	-	-	-	(257)	(257)
Provision for taxes on income	-	-	-	-	(22)	(22)
Income from continuing operations	-	-	-	-	(235)	(235)
Discontinued operations—net of tax	-	-	-	-	-	-
Net income attributable to noncontrolling interests	-	-	-	-	-	-
Net income attributable to Pfizer Inc.	-	-	-	-	(235)	(235)
Earnings per common share attributable to Pfizer Inc.—diluted	-	-	-	-	(0.04)	(0.04)

	Recasted					
	Three Months Ended July 1, 2018					
	GAAP Recasted	Purchase Accounting Adjustments	Acquisition- Related Costs	Discontinued Operations	Certain Significant Items	Non-GAAP Adjusted
Revenues	\$ 13,466	\$ -	\$ -	\$ -	\$ -	\$ 13,466
Cost of sales	2,916	(2)	(3)	-	(35)	2,876
Selling, informational and administrative expenses	3,542	0	-	-	(35)	3,507
Research and development expenses	1,797	1	(0)	-	(9)	1,789
Amortization of intangible assets	1,191	(1,121)	-	-	-	70
Restructuring charges and certain acquisition-related costs	44	-	(57)	-	13	-
Other (income)/deductions—net	(551)	(12)	(2)	-	303	(262)
Income from continuing operations before provision for taxes on income	4,527	1,134	62	-	(237)	5,485
Provision for taxes on income	648	233	11	-	(6)	886
Income from continuing operations	3,879	901	51	-	(231)	4,600
Discontinued operations—net of tax	-	-	-	-	-	-
Net income attributable to noncontrolling interests	7	-	-	-	-	7
Net income attributable to Pfizer Inc.	3,872	901	51	-	(231)	4,593
Earnings per common share attributable to Pfizer Inc.—diluted	0.65	0.15	0.01	-	(0.04)	0.77

	Historically Reported					
	Six Months Ended July 1, 2018					
	GAAP Reported	Purchase Accounting Adjustments	Acquisition- Related Costs	Discontinued Operations	Certain Significant Items	Non-GAAP Adjusted
Revenues	\$ 26,373	\$ -	\$ -	\$ -	\$ -	\$ 26,373
Cost of sales	5,479	(3)	(6)	-	(58)	5,413
Selling, informational and administrative expenses	6,954	1	-	-	(161)	6,793
Research and development expenses	3,540	2	(0)	-	(14)	3,528
Amortization of intangible assets	2,387	(2,246)	-	-	-	141
Restructuring charges and certain acquisition-related costs	87	-	(102)	-	14	-
Other (income)/deductions—net	(728)	(109)	(2)	-	(2)	(841)
Income from continuing operations before provision for taxes on income	8,654	2,355	110	-	221	11,339
Provision for taxes on income	1,204	472	19	-	132	1,828
Income from continuing operations	7,450	1,883	91	-	88	9,512
Discontinued operations—net of tax	(1)	-	-	1	-	-
Net income attributable to noncontrolling interests	16	-	-	-	-	16
Net income attributable to Pfizer Inc.	7,432	1,883	91	1	88	9,495
Earnings per common share attributable to Pfizer Inc.—diluted	1.24	0.31	0.02	0.00	0.01	1.58

	Adjustments ^(a)					
	Six Months Ended July 1, 2018					
	GAAP	Purchase Accounting Adjustments	Acquisition- Related Costs	Discontinued Operations	Certain Significant Items	Non-GAAP Adjusted
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cost of sales	-	-	-	-	-	-
Selling, informational and administrative expenses	-	-	-	-	-	-
Research and development expenses	-	-	-	-	-	-
Amortization of intangible assets	-	-	-	-	-	-
Restructuring charges and certain acquisition-related costs	-	-	-	-	-	-
Other (income)/deductions—net	-	-	-	-	375	375
Income from continuing operations before provision for taxes on income	-	-	-	-	(375)	(375)
Provision for taxes on income	-	-	-	-	(27)	(27)
Income from continuing operations	-	-	-	-	(348)	(348)
Discontinued operations—net of tax	-	-	-	-	-	-
Net income attributable to noncontrolling interests	-	-	-	-	-	-
Net income attributable to Pfizer Inc.	-	-	-	-	(348)	(348)
Earnings per common share attributable to Pfizer Inc.—diluted	-	-	-	-	(0.06)	(0.06)

	Recasted					
	Six Months Ended July 1, 2018					
	GAAP Recasted	Purchase Accounting Adjustments	Acquisition- Related Costs	Discontinued Operations	Certain Significant Items	Non-GAAP Adjusted
Revenues	\$ 26,373	\$ -	\$ 0	\$ -	\$ -	\$ 26,373
Cost of sales	5,479	(3)	(6)	-	(58)	5,413
Selling, informational and administrative expenses	6,954	1	-	-	(161)	6,793
Research and development expenses	3,540	2	(0)	-	(14)	3,528
Amortization of intangible assets	2,387	(2,246)	-	-	-	141
Restructuring charges and certain acquisition-related costs	87	-	(102)	-	14	-
Other (income)/deductions—net	(728)	(109)	(2)	-	373	(466)
Income from continuing operations before provision for taxes on income	8,654	2,355	110	-	(154)	10,965
Provision for taxes on income	1,204	472	19	-	106	1,801
Income from continuing operations	7,450	1,883	91	-	(260)	9,164
Discontinued operations—net of tax	(1)	-	-	1	-	-
Net income attributable to noncontrolling interests	16	-	-	-	-	16
Net income attributable to Pfizer Inc.	7,432	1,883	91	1	(260)	9,147
Earnings per common share attributable to Pfizer Inc.—diluted	1.24	0.31	0.02	0.00	(0.04)	1.52

(a) Represents net gains recognized during the period on investments in equity securities. Through December 31, 2018, Pfizer's Adjusted Non-GAAP results included net gains and losses on investments in equity securities. Effective January 1, 2018, Pfizer adopted Accounting Standards Update (ASU) 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities, which required equity investments to be measured at fair value with changes in fair value recognized in net income. Prior to the adoption of ASU 2016-01, Pfizer recorded changes in fair value of virtually all of its equity investments in Other comprehensive income/loss. Beginning in 2019, Pfizer will exclude realized and unrealized gains and losses from investments in equity securities from Adjusted Non-GAAP results because of their inherent volatility, which is outside of Pfizer management's control and cannot be predicted with any level of certainty. Additionally, Pfizer management does not believe that including these gains and losses assists investors in understanding Pfizer's business or is reflective of its core operations.

For footnotes and explanations associated with the reconciliation of GAAP Reported to Non-GAAP Adjusted financial results, please refer to pages 21 to 25 of Pfizer's Second Quarter 2018 Earnings Press Release together with, in the case of the Recasted Non-GAAP Adjusted financial results, the Adjustments table shown above:

[Second-Quarter 2018 Earnings Press Release](#)

Non-GAAP Adjusted income and its components and Non-GAAP Adjusted diluted EPS are not, and should not be viewed as, substitutes for U.S. GAAP net income and its components and diluted EPS. Despite the importance of these measures to management in goal setting and performance measurement (as described in the "Financial Review—Non-GAAP Financial Measure (Adjusted Income)" section of Pfizer's 2018 Financial Report, which was filed as Exhibit 13 to Pfizer's Annual Report on Form 10-K for the fiscal year ended December 31, 2018), Non-GAAP Adjusted income and its components and Non-GAAP Adjusted diluted EPS are Non-GAAP financial measures that have no standardized meaning prescribed by U.S. GAAP and, therefore, have limits in their usefulness to investors. Because of their non-standardized definitions, Non-GAAP Adjusted income and its components and Non-GAAP Adjusted diluted EPS (unlike U.S. GAAP net income and its components and diluted EPS) may not be comparable to the calculation of similar measures of other companies. Non-GAAP Adjusted income and its components and Non-GAAP Adjusted diluted EPS are presented solely to permit investors to more fully understand how management assesses performance.

PFIZER INC. AND SUBSIDIARY COMPANIES
RECONCILIATION OF GAAP REPORTED TO NON-GAAP ADJUSTED INFORMATION
CERTAIN LINE ITEMS
(UNAUDITED)

(millions of dollars, except per common share data)

	Historically Reported					
	Three Months Ended September 30, 2018					
	GAAP Reported	Purchase Accounting Adjustments	Acquisition- Related Costs	Discontinued Operations	Certain Significant Items	Non-GAAP Adjusted
Revenues	\$ 13,298	\$ -	\$ -	\$ -	\$ -	\$ 13,298
Cost of sales	2,694	1	(3)	-	(19)	2,673
Selling, informational and administrative expenses	3,494	0	-	-	(23)	3,471
Research and development expenses	2,008	1	0	-	(11)	1,998
Amortization of intangible assets	1,253	(1,182)	-	-	-	71
Restructuring charges and certain acquisition-related costs	85	-	(107)	-	22	-
Other (income)/deductions—net	(414)	(130)	(2)	-	244	(302)
Income from continuing operations before provision for taxes on income	4,177	1,309	112	-	(213)	5,386
Provision for taxes on income	66	263	21	-	367	716
Income from continuing operations	4,111	1,047	91	-	(580)	4,669
Discontinued operations—net of tax	11	-	-	(11)	-	-
Net income attributable to noncontrolling interests	8	-	-	-	-	8
Net income attributable to Pfizer Inc.	4,114	1,047	91	(11)	(580)	4,661
Earnings per common share attributable to Pfizer Inc.—diluted	0.69	0.17	0.02	(0.00)	(0.10)	0.78

	Adjustments ^(a)					
	Three Months Ended September 30, 2018					
	GAAP	Purchase Accounting Adjustments	Acquisition- Related Costs	Discontinued Operations	Certain Significant Items	Non-GAAP Adjusted
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cost of sales	-	-	-	-	-	-
Selling, informational and administrative expenses	-	-	-	-	-	-
Research and development expenses	-	-	-	-	-	-
Amortization of intangible assets	-	-	-	-	-	-
Restructuring charges and certain acquisition-related costs	-	-	-	-	-	-
Other (income)/deductions—net	-	-	-	-	85	85
Income from continuing operations before provision for taxes on income	-	-	-	-	(85)	(85)
Provision for taxes on income	-	-	-	-	(5)	(5)
Income from continuing operations	-	-	-	-	(81)	(81)
Discontinued operations—net of tax	-	-	-	-	-	-
Net income attributable to noncontrolling interests	-	-	-	-	-	-
Net income attributable to Pfizer Inc.	-	-	-	-	(81)	(81)
Earnings per common share attributable to Pfizer Inc.—diluted	-	-	-	-	(0.01)	(0.01)

	Recasted					
	Three Months Ended September 30, 2018					
	GAAP Recasted	Purchase Accounting Adjustments	Acquisition- Related Costs	Discontinued Operations	Certain Significant Items	Non-GAAP Adjusted
Revenues	\$ 13,298	\$ -	\$ -	\$ -	\$ -	\$ 13,298
Cost of sales	2,694	1	(3)	-	(19)	2,673
Selling, informational and administrative expenses	3,494	0	-	-	(23)	3,471
Research and development expenses	2,008	1	0	-	(11)	1,998
Amortization of intangible assets	1,253	(1,182)	-	-	-	71
Restructuring charges and certain acquisition-related costs	85	-	(107)	-	22	-
Other (income)/deductions—net	(414)	(130)	(2)	-	329	(217)
Income from continuing operations before provision for taxes on income	4,177	1,309	112	-	(298)	5,300
Provision for taxes on income	66	263	21	-	363	712
Income from continuing operations	4,111	1,047	91	-	(661)	4,588
Discontinued operations—net of tax	11	-	-	(11)	-	-
Net income attributable to noncontrolling interests	8	-	-	-	-	8
Net income attributable to Pfizer Inc.	4,114	1,047	91	(11)	(661)	4,580
Earnings per common share attributable to Pfizer Inc.—diluted	0.69	0.17	0.02	(0.00)	(0.11)	0.77

	Historically Reported					
	Nine Months Ended September 30, 2018					
	GAAP Reported	Purchase Accounting Adjustments	Acquisition- Related Costs	Discontinued Operations	Certain Significant Items	Non-GAAP Adjusted
Revenues	\$ 39,670	\$ -	\$ -	\$ -	\$ -	\$ 39,670
Cost of sales	8,173	(2)	(9)	-	(77)	8,086
Selling, informational and administrative expenses	10,448	1	-	-	(185)	10,264
Research and development expenses	5,549	3	-	-	(26)	5,526
Amortization of intangible assets	3,640	(3,428)	-	-	-	212
Restructuring charges and certain acquisition-related costs	172	-	(209)	-	37	-
Other (income)/deductions—net	(1,143)	(238)	(4)	-	242	(1,143)
Income from continuing operations before provision for taxes on income	12,831	3,665	221	-	8	16,725
Provision for taxes on income	1,270	735	40	-	500	2,544
Income from continuing operations	11,562	2,930	182	-	(492)	14,181
Discontinued operations—net of tax	10	-	-	(10)	-	-
Net income attributable to noncontrolling interests	25	-	-	-	-	25
Net income attributable to Pfizer Inc.	11,546	2,930	182	(10)	(492)	14,156
Earnings per common share attributable to Pfizer Inc.—diluted	1.92	0.49	0.03	(0.00)	(0.08)	2.36

	Adjustments ^(a)					
	Nine Months Ended September 30, 2018					
	GAAP	Purchase Accounting Adjustments	Acquisition- Related Costs	Discontinued Operations	Certain Significant Items	Non-GAAP Adjusted
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cost of sales	-	-	-	-	-	-
Selling, informational and administrative expenses	-	-	-	-	-	-
Research and development expenses	-	-	-	-	-	-
Amortization of intangible assets	-	-	-	-	-	-
Restructuring charges and certain acquisition-related costs	-	-	-	-	-	-
Other (income)/deductions—net	-	-	-	-	460	460
Income from continuing operations before provision for taxes on income	-	-	-	-	(460)	(460)
Provision for taxes on income	-	-	-	-	(31)	(31)
Income from continuing operations	-	-	-	-	(429)	(429)
Discontinued operations—net of tax	-	-	-	-	-	-
Net income attributable to noncontrolling interests	-	-	-	-	-	-
Net income attributable to Pfizer Inc.	-	-	-	-	(429)	(429)
Earnings per common share attributable to Pfizer Inc.—diluted	-	-	-	-	(0.07)	(0.07)

	Recasted					
	Nine Months Ended September 30, 2018					
	GAAP Recasted	Purchase Accounting Adjustments	Acquisition- Related Costs	Discontinued Operations	Certain Significant Items	Non-GAAP Adjusted
Revenues	\$ 39,670	\$ -	\$ 0	\$ -	\$ -	\$ 39,670
Cost of sales	8,173	(2)	(9)	-	(77)	8,086
Selling, informational and administrative expenses	10,448	1	-	-	(185)	10,264
Research and development expenses	5,549	3	-	-	(26)	5,526
Amortization of intangible assets	3,640	(3,428)	-	-	-	212
Restructuring charges and certain acquisition-related costs	172	-	(209)	-	37	-
Other (income)/deductions—net	(1,143)	(238)	(4)	-	702	(683)
Income from continuing operations before provision for taxes on income	12,831	3,665	221	-	(452)	16,265
Provision for taxes on income	1,270	735	40	-	468	2,513
Income from continuing operations	11,562	2,930	182	-	(921)	13,752
Discontinued operations—net of tax	10	-	-	(10)	-	-
Net income attributable to noncontrolling interests	25	-	-	-	-	25
Net income attributable to Pfizer Inc.	11,546	2,930	182	(10)	(921)	13,727
Earnings per common share attributable to Pfizer Inc.—diluted	1.92	0.49	0.03	(0.00)	(0.15)	2.29

(a) Represents net gains recognized during the period on investments in equity securities. Through December 31, 2018, Pfizer's Adjusted Non-GAAP results included net gains and losses on investments in equity securities. Effective January 1, 2018, Pfizer adopted Accounting Standards Update (ASU) 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities, which required equity investments to be measured at fair value with changes in fair value recognized in net income. Prior to the adoption of ASU 2016-01, Pfizer recorded changes in fair value of virtually all of its equity investments in Other comprehensive income/loss. Beginning in 2019, Pfizer will exclude realized and unrealized gains and losses from investments in equity securities from Adjusted Non-GAAP results because of their inherent volatility, which is outside of Pfizer management's control and cannot be predicted with any level of certainty. Additionally, Pfizer management does not believe that including these gains and losses assists investors in understanding Pfizer's business or is reflective of its core operations.

For footnotes and explanations associated with the reconciliation of GAAP Reported to Non-GAAP Adjusted financial results, please refer to pages 22 to 26 of Pfizer's Third Quarter 2018 Earnings Press Release together with, in the case of the Recasted Non-GAAP Adjusted financial results, the Adjustments table shown above:

[Third-Quarter 2018 Earnings Press Release](#)

Non-GAAP Adjusted income and its components and Non-GAAP Adjusted diluted EPS are not, and should not be viewed as, substitutes for U.S. GAAP net income and its components and diluted EPS. Despite the importance of these measures to management in goal setting and performance measurement (as described in the "Financial Review—Non-GAAP Financial Measure (Adjusted Income)" section of Pfizer's 2018 Financial Report, which was filed as Exhibit 13 to Pfizer's Annual Report on Form 10-K for the fiscal year ended December 31, 2018), Non-GAAP Adjusted income and its components and Non-GAAP Adjusted diluted EPS are Non-GAAP financial measures that have no standardized meaning prescribed by U.S. GAAP and, therefore, have limits in their usefulness to investors. Because of their non-standardized definitions, Non-GAAP Adjusted income and its components and Non-GAAP Adjusted diluted EPS (unlike U.S. GAAP net income and its components and diluted EPS) may not be comparable to the calculation of similar measures of other companies. Non-GAAP Adjusted income and its components and Non-GAAP Adjusted diluted EPS are presented solely to permit investors to more fully understand how management assesses performance.

PFIZER INC. AND SUBSIDIARY COMPANIES
RECONCILIATION OF GAAP REPORTED TO NON-GAAP ADJUSTED INFORMATION
CERTAIN LINE ITEMS
(UNAUDITED)

(millions of dollars, except per common share data)

Historically Reported						
Three Months Ended December 31, 2018						
	GAAP Reported	Purchase Accounting Adjustments	Acquisition- Related Costs	Discontinued Operations	Certain Significant Items	Non-GAAP Adjusted
Revenues	\$ 13,976	\$ -	\$ -	\$ -	\$ -	\$ 13,976
Cost of sales	3,075	5	(2)	-	(34)	3,044
Selling, informational and administrative expenses	4,007	1	(2)	-	(38)	3,968
Research and development expenses	2,457	0	-	-	(21)	2,436
Amortization of intangible assets	1,253	(1,184)	-	-	-	69
Restructuring charges and certain acquisition-related costs	872	-	(90)	-	(782)	-
Other (income)/deductions—net	3,259	56	(3)	-	(3,423)	(111)
Income from continuing operations before provision for taxes on income	(946)	1,121	97	-	4,298	4,569
Provision for taxes on income	(563)	180	14	-	1,125	756
Income from continuing operations	(383)	941	83	-	3,172	3,813
Discontinued operations—net of tax	-	-	-	-	-	-
Net income attributable to noncontrolling interests	11	-	-	-	-	11
Net income attributable to Pfizer Inc.	(394)	941	83	-	3,172	3,802
Earnings per common share attributable to Pfizer Inc.—diluted	(0.07)	0.16	0.01	-	0.54	0.64

Adjustments ^(a)						
Three Months Ended December 31, 2018						
	GAAP	Purchase Accounting Adjustments	Acquisition- Related Costs	Discontinued Operations	Certain Significant Items	Non-GAAP Adjusted
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cost of sales	-	-	-	-	-	-
Selling, informational and administrative expenses	-	-	-	-	-	-
Research and development expenses	-	-	-	-	-	-
Amortization of intangible assets	-	-	-	-	-	-
Restructuring charges and certain acquisition-related costs	-	-	-	-	-	-
Other (income)/deductions—net	-	-	-	-	126	126
Income from continuing operations before provision for taxes on income	-	-	-	-	(126)	(126)
Provision for taxes on income	-	-	-	-	(73)	(73)
Income from continuing operations	-	-	-	-	(53)	(53)
Discontinued operations—net of tax	-	-	-	-	-	-
Net income attributable to noncontrolling interests	-	-	-	-	-	-
Net income attributable to Pfizer Inc.	-	-	-	-	(53)	(53)
Earnings per common share attributable to Pfizer Inc.—diluted	-	-	-	-	(0.01)	(0.01)

Recasted						
Three Months Ended December 31, 2018						
	GAAP Recasted	Purchase Accounting Adjustments	Acquisition- Related Costs	Discontinued Operations	Certain Significant Items	Non-GAAP Adjusted
Revenues	\$ 13,976	\$ -	\$ -	\$ -	\$ -	\$ 13,976
Cost of sales	3,075	5	(2)	-	(34)	3,044
Selling, informational and administrative expenses	4,007	1	(2)	-	(38)	3,968
Research and development expenses	2,457	0	-	-	(21)	2,436
Amortization of intangible assets	1,253	(1,184)	-	-	-	69
Restructuring charges and certain acquisition-related costs	872	-	(90)	-	(782)	-
Other (income)/deductions—net	3,259	56	(3)	-	(3,297)	15
Income from continuing operations before provision for taxes on income	(946)	1,121	97	-	4,172	4,443
Provision for taxes on income	(563)	180	14	-	1,052	683
Income from continuing operations	(383)	941	83	-	3,120	3,760
Discontinued operations—net of tax	-	-	-	-	-	-
Net income attributable to noncontrolling interests	11	-	-	-	-	11
Net income attributable to Pfizer Inc.	(394)	941	83	-	3,120	3,749
Earnings per common share attributable to Pfizer Inc.—diluted	(0.07)	0.16	0.01	-	0.53	0.63

Historically Reported						
Twelve Months Ended December 31, 2018						
	GAAP Reported	Purchase Accounting Adjustments	Acquisition- Related Costs	Discontinued Operations	Certain Significant Items	Non-GAAP Adjusted
Revenues	\$ 53,647	\$ -	\$ -	\$ -	\$ -	\$ 53,647
Cost of sales	11,248	3	(10)	-	(110)	11,130
Selling, informational and administrative expenses	14,455	2	(2)	-	(222)	14,232
Research and development expenses	8,006	3	-	-	(47)	7,962
Amortization of intangible assets	4,893	(4,612)	-	-	-	281
Restructuring charges and certain acquisition-related costs	1,044	-	(299)	-	-	(745)
Other (income)/deductions—net	2,116	(182)	(7)	-	(3,181)	(1,253)
Income from continuing operations before provision for taxes on income	11,885	4,786	318	-	4,305	21,294
Provision for taxes on income	706	915	54	-	1,625	3,301
Income from continuing operations	11,179	3,871	264	-	2,680	17,994
Discontinued operations—net of tax	10	-	-	(10)	-	-
Net income attributable to noncontrolling interests	36	-	-	-	-	36
Net income attributable to Pfizer Inc.	11,153	3,871	264	(10)	2,680	17,958
Earnings per common share attributable to Pfizer Inc.—diluted	1.87	0.65	0.04	(0.00)	0.45	3.00

Adjustments ^(a)						
Twelve Months Ended December 31, 2018						
	GAAP	Purchase Accounting Adjustments	Acquisition- Related Costs	Discontinued Operations	Certain Significant Items	Non-GAAP Adjusted
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cost of sales	-	-	-	-	-	-
Selling, informational and administrative expenses	-	-	-	-	-	-
Research and development expenses	-	-	-	-	-	-
Amortization of intangible assets	-	-	-	-	-	-
Restructuring charges and certain acquisition-related costs	-	-	-	-	-	-
Other (income)/deductions—net	-	-	-	-	586	586
Income from continuing operations before provision for taxes on income	-	-	-	-	(586)	(586)
Provision for taxes on income	-	-	-	-	(105)	(105)
Income from continuing operations	-	-	-	-	(481)	(481)
Discontinued operations—net of tax	-	-	-	-	-	-
Net income attributable to noncontrolling interests	-	-	-	-	-	-
Net income attributable to Pfizer Inc.	-	-	-	-	(481)	(481)
Earnings per common share attributable to Pfizer Inc.—diluted	-	-	-	-	(0.08)	(0.08)

Recasted						
Twelve Months Ended December 31, 2018						
	GAAP Recasted	Purchase Accounting Adjustments	Acquisition- Related Costs	Discontinued Operations	Certain Significant Items	Non-GAAP Adjusted
Revenues	\$ 53,647	\$ -	\$ 0	\$ -	\$ -	\$ 53,647
Cost of sales	11,248	3	(10)	-	(110)	11,130
Selling, informational and administrative expenses	14,455	2	(2)	-	(222)	14,232
Research and development expenses	8,006	3	-	-	(47)	7,962
Amortization of intangible assets	4,893	(4,612)	-	-	-	281
Restructuring charges and certain acquisition-related costs	1,044	-	(299)	-	-	(745)
Other (income)/deductions—net	2,116	(182)	(7)	-	(2,595)	(667)
Income from continuing operations before provision for taxes on income	11,885	4,786	318	-	3,719	20,709
Provision for taxes on income	706	915	54	-	1,520	3,196
Income from continuing operations	11,179	3,871	264	-	2,199	17,513
Discontinued operations—net of tax	10	-	-	(10)	-	-
Net income attributable to noncontrolling interests	36	-	-	-	-	36
Net income attributable to Pfizer Inc.	11,153	3,871	264	(10)	2,199	17,477
Earnings per common share attributable to Pfizer Inc.—diluted	1.87	0.65	0.04	(0.00)	0.37	2.92

(a) Represents net gains recognized during the period on investments in equity securities. Through December 31, 2018, Pfizer's Adjusted Non-GAAP results included net gains and losses on investments in equity securities. Effective January 1, 2018, Pfizer adopted Accounting Standards Update (ASU) 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities, which required equity investments to be measured at fair value with changes in fair value recognized in net income. Prior to the adoption of ASU 2016-01, Pfizer recorded changes in fair value of virtually all of its equity investments in Other comprehensive income/loss. Beginning in 2019, Pfizer will exclude realized and unrealized gains and losses from investments in equity securities from Adjusted Non-GAAP results because of their inherent volatility, which is outside of Pfizer management's control and cannot be predicted with any level of certainty. Additionally, Pfizer management does not believe that including these gains and losses assists investors in understanding Pfizer's business or is reflective of its core operations.

For footnotes and explanations associated with the reconciliation of GAAP Reported to Non-GAAP Adjusted financial results, please refer to pages 23 to 29 of Pfizer's Fourth Quarter 2018 Earnings Press Release together with, in the case of the Recasted Non-GAAP Adjusted financial results, the Adjustments table shown above:

[Fourth-Quarter 2018 Earnings Press Release](#)

Non-GAAP Adjusted income and its components and Non-GAAP Adjusted diluted EPS are not, and should not be viewed as, substitutes for U.S. GAAP net income and its components and diluted EPS. Despite the importance of these measures to management in goal setting and performance measurement (as described in the "Financial Review—Non-GAAP Financial Measure (Adjusted Income)" section of Pfizer's 2018 Financial Report, which was filed as Exhibit 13 to Pfizer's Annual Report on Form 10-K for the fiscal year ended December 31, 2018), Non-GAAP Adjusted income and its components and Non-GAAP Adjusted diluted EPS are Non-GAAP financial measures that have no standardized meaning prescribed by U.S. GAAP and, therefore, have limits in their usefulness to investors. Because of their non-standardized definitions, Non-GAAP Adjusted income and its components and Non-GAAP Adjusted diluted EPS (unlike U.S. GAAP net income and its components and diluted EPS) may not be comparable to the calculation of similar measures of other companies. Non-GAAP Adjusted income and its components and Non-GAAP Adjusted diluted EPS are presented solely to permit investors to more fully understand how management assesses performance.